

Seeks Crackdown on Oil Speculators

June 17, 2008

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"One factor contributing to the record high price at the pump is what's going on with Wall Street energy commodity traders," said Rep. Matheson. "With this bill, excessive manipulation and unscrupulous speculation can potentially be detected and halted before more economic harm is done to consumers and businesses."

"Every day I hear from south Louisianians who are struggling to make ends meet, between the slowing economy and skyrocketing gas prices," said Rep. Melancon. "In rural parts of the country-like those Rep. Matheson and I represent-driving long distances to work, school or for errands is a fact of life, not a choice. As a result, rural families and businesses are especially feeling the pain of out-of-control gas prices. This bill will work to stop price manipulation and speculation in the energy sector and bring some measure of relief to consumers."

Matheson and Melancon said U.S. crude oil, gasoline and home heating oil futures contracts are traded primarily on exchanges in New York and London. Under current law, the Commodity Futures Trading Commission (CFTC) only has authority to prevent price manipulation and excessive speculation resulting from energy trades from within the U.S. Matheson and Melancon say their bill would ensure the CFTC has full enforcement authority over traders within the United States who trade on a foreign exchange

"At \$135-a-barrel oil, it's clear that there's more going on than just the normal law of supply and demand. Commodities traders who are routing their trades through a foreign exchange are 'gaming the system' and all of us filling up at the pump are losing out," said Matheson. "I'll push hard to enact this bill and speed relief to consumers."

The Close the London Loophole Act would strengthen CFTC oversight by providing the CFTC with clear legal authority, as well as the legal obligation to obtain trading data from foreign exchanges operating in the U.S. through direct trading terminals.

The Matheson-Melancon bill has a companion version in the Senate.

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